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SIPDIS

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TAGS: [BO](#) [ECON](#) [ENRG](#) [EPET](#) [PREL](#) [RS](#)

SUBJECT: BELARUS EMBASSY: "WE WON OIL DISPUTE;" CUSTOMS
UNION STANDARDS DEVELOPMENT IN PROCESS

REF: A. MOSCOW 53
[1](#)B. MOSCOW 203

Classified By: EconMinCouns Matthias J. Mitman, Reasons 1.4 (b,d)

"WE WON"

[1](#)1. (C) During a meeting with us on February 3, Vladimir Stepuk and Olga Dolgopolova, First Secretary and Counsellor, respectively, of the Embassy of Belarus in Russia, claimed Belarus "won" the recent spat between Russia and Belarus over oil export duties (reftels A and B), although they downplayed its significance. This contrasted with a February 2 statement during a session of the Council of Ministers by Belarusian First Deputy Prime Minister Semashko, who claimed that terms of trade in oil and oil processing had changed for the worse for Belarus. Semashko stated that the government of Belarus (GOB) had taken tactical measures to mitigate the adverse consequences of the changes in oil deliveries. However, Stepuk told us that, by their calculations, Belarus will see a net gain from the agreement signed by Semashko and Deputy Prime Minister Sechin. According to Stepuk, while Russia will only provide 6.3 million tons duty-free in 2010, the two governments will re-examine and adjust that figure each year based on Belarusian consumption. The agreement also allows, in principle, for additional duty-free oil to be supplied to Belarus if that oil is processed and the resulting products are re-exported to Russia. Stepuk also contended that oil flows were not disrupted during the dispute and categorized the issue as a "temporary difficulty" that was part of the "normal negotiation process" between partners. Dolgopolova then joked that the U.S. and Belarus are also going through a period of "temporary difficulties."

CUSTOMS UNION PROCEDURES MOVING FORWARD

[1](#)2. (C) Stepuk and Dolgopolova stated that expert groups from the Russia-Belarus-Kazakhstan (RBK) Custom Union's executive body were developing systems for sharing tariff revenues and technical regulations, but they were unable to estimate a date for their entry into force. The RBK Customs Union has a working group to develop a unified system of technical regulations for trade, including sanitary-phytosanitary standards, that will cover all three countries once it goes into effect. Stepuk noted that in some cases the unified

standards could be stricter than the existing standards of the individual members. He offered the example of the dairy sector, in which GOR standards for the presence of antibiotics are stricter than GOB standards but still less so than European standards, implying that stricter international standards could be applied in some sectors.

OFFER TO THE U.S.

¶3. (C) Stepuk and Dolgopolova also communicated the GOB's desire to partner with the USG on a pipeline project and to see changes to sanctions on its state oil company. They said the GOB would welcome USG participation in the construction of a new oil pipeline from Novopolotsk, Belarus to the Baltic sea port city of Klaipeda, Lithuania. In addition, Dolgopolova conveyed her government's interest in a lifting of sanctions on Belneftekhim, the Belarusian state petroleum and chemicals concern, commenting that they raise this sanctions issue at every opportunity. (Note: The Department of the Treasury's Office of Foreign Assets Control added Belneftekhim to its list of specially designated nationals in ¶2007. End Note.)

COMMENT

¶4. (C) While acknowledging the strained relations between the U.S. and Belarus, our Belarusian counterparts were gracious

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and friendly in the meeting. Their surprising offer for USG participation in a pipeline project, while unrealistic, hints at the GOB's interest in trying to play Russia against the West in pursuit of its economic goals. End Comment.

¶5. (U) Minsk--minimize considered.
Beyrle